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STATEMENT OF
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FINANCIAL OPERATIONS

BEFORE THE
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
FINANCE AND ACCOUNTABILITY
HOUSE GOVERNMENT REFORM COMMITTEE
UNITED STATES HOUSE OF REPRESENTATIVES
ON
THE PROCESS OF TRAVEL REIMBURSEMENT FOR
MOBILIZED NATIONAL GUARD SOLDIERS
MARCH 16, 2005

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Chairman Platts, distinguished members of the Subcommittee:

Thank you very much for the opportunity to appear before you this afternoon to discuss travel reimbursement for the Army's mobilized National Guard Soldiers. Before addressing this issue, on behalf of the Army and the troops fighting the Global War on Terrorism, I would like to thank you for your tremendous and unwavering support. By it, you do credit to the Congress and to our fellow Americans. Thank you.

My name is John J. Argodale. I am the Army's deputy assistant secretary for financial operations. I have been in this position since December 2003. I am responsible, along with DFAS, Army personnel managers, and the Army's commanders, to ensure all Soldiers are paid the right amount and on time. To meet this responsibility, I work in collaboration with these entities. Secretary Harvey's expectation of "perfection" regarding Soldier pay is clear. We all work together in pursuit of this singular objective.

The matter before the subcommittee today involves the reimbursement of travel expenses to mobilized National Guard Soldiers. Three critical requirements must be satisfied to ensure the timely and accurate reimbursement of travel expenses. First is an order articulating appropriate reimbursable expenses. Second is a properly prepared and approved claim. Third is the timely and accurate computation of the travel claim. Personnel managers, unit commanders, Soldiers, and DFAS share responsibility for these three critical requirements. A defect in any of the three results in travel reimbursement problems.

Since October 2001, the Army mobilized 342,020 National Guard and Reserve Soldiers. As of March 3, 2004, 155,283 Army National Guard and Reserve Soldiers are mobilized for active duty. During fiscal year 2004, the

Army's mobilized reserve forces generated 380,000 travel claims. The magnitude of the mobilizations and consequent number of travel claims created a significant strain on the department's travel pay processes as disclosed by the GAO.

The Army applied a significant number of resources, both people and money, to tackle this problem. With respect to people, we mobilized more than 80 Soldiers from Army National Guard and Reserve finance units to assist DFAS in processing travel claims. With respect to money, for fiscal years 2002 through 2004 we reimbursed DFAS nearly \$17 million specifically to provide travel voucher computation and processing for mobilized Soldiers. As the result of these efforts, over the last 18 months, DFAS processed travel claims submitted by mobilized National Guard and Reserve Soldiers within eight working days of receipt.

The timely processing of travel claims alone will not completely solve the Army's travel reimbursement problems. Under the direction of Secretary Harvey and Secretary Baldwin, my office is working with the Guard and Reserve, DFAS, the Assistant Secretary of the Army for Manpower and Reserve Affairs, Army G1, the GAO, and members of the Subcommittee staff to perfect the travel reimbursement process. Our efforts focus on fixing problems with mobilization orders, reducing the volume of rejected travel claims, educating Soldiers and unit command on how to file travel claims, and monitoring metrics to isolate and fix travel reimbursement problems.

To fix problems with mobilization orders, and ensure Soldiers are properly supported, Army personnel managers must now place a statement on all mobilization orders indicating that mobilized Soldiers will not be charged for meals or lodging. The standard statement also notifies the Soldier that any claim of reimbursement for meals or lodging must be supported by a statement of non-availability. This change improves the

clarity of mobilization orders by conveying the Army's policy on meals and lodging reimbursement for mobilized Soldiers. Soldiers should not incur out-of-pocket expenses for meals eaten in government dining facilities when housed in government lodging. Army policy on statements of non-availability was also clarified. For example, Soldiers billeted in non-government lodging facilities are authorized reimbursement for meals eaten in commercial establishments during non-duty hours.

To solve problems resulting from rejected claims; the Army and DFAS collaborated on the establishment of performance metrics identifying why travel claims are rejected. On a weekly basis DFAS provides the Army with metrics on total claims received, total claims rejected, and detailed explanations for the rejections. These metrics identify typical errors in travel claims causing rejections including improper travel itinerary (date, location), missing signatures, and claims submitted where no entitlement is authorized. The metrics are used to focus training and instructional materials on specific problem areas to ensure Soldiers avoid mistakes in filing travel claims.

The metrics also facilitated a significant process improvement that changed the criteria under which vouchers are rejected. Rather than rejecting and returning all claims that cannot be processed, claims without a mobilization order are no longer returned to the Soldier for resolution. Instead, the National Guard Ombudsman cell, which has access to mobilization orders for all Army National Guard Soldiers, retrieves and provides the missing order to DFAS enabling processing of the claim.

This process change has expedited the payment of about 17,000 claims since implementation in the spring of 2004. Monitoring metrics associated with rejected claims and providing Soldiers additional training on the proper filing of travel claims has reduced returned claims from over 20

percent of total claims received as reported by the GAO to a current range of 10 to 12 percent.

Soldiers and their supervisors now receive detailed instructions on travel entitlements and claims when initially mobilized and when demobilizing. A variety of informative handbooks, flyers, and checklists instructing Soldiers on how to complete and submit travel claims are published and distributed. Training Soldiers on the correct submission of travel claims and entitlements reduces the number of rejects and facilitates the timely and accurate payment of travel claims.

In addition to these efforts, the Army employs several business practices designed to eliminate Soldiers' out-of-pocket expenses while on official travel. For example, we make advanced travel payments to mobilized Soldiers assigned to duty in the continental United States when lodging or meals will not be available. The advances mitigate out-of-pocket expenses Soldiers incur for travel related purchases such as meals, transportation, and lodging. Advances are reconciled every thirty days to ensure Soldiers receive the right amount of money to reduce out-of-pocket travel expenses.

Another business practice designed to mitigate out-of-pocket expenses is the government travel card. As of January 31, 2005, there were 29,076 individually billed government travel cards extant in the Army National Guard. The cardholder is responsible for all charges processed on their individually billed travel card. However, a portion of the settled travel claim is automatically sent directly to the Soldier's travel card account through the department's split disbursement process.

The Army is pursuing automated initiatives with our industry travel card partner—Bank of America—to enhance our Soldiers' needs. Specifically, we are working with Bank of America to provide Soldiers the

ability to receive and pay monthly travel card bills electronically. This feature will provide Soldiers the capability to receive and pay travel card bills electronically over the Internet without relying on paper bills received through the mail. This feature will specifically help those Soldiers on extended travel away from their homes.

An initiative the Army has undertaken in collaboration with DFAS is implementation of the Case Management System (CMS). The CMS is a web-based tool developed by the Air Force. It provides visibility of Soldier payroll problems by creating a separate case for each problem. The CMS will provide a single, integrated source to track the status of open problems, including the nature and organization responsible for solving the problem, from the point a problem is discovered until it is resolved. Although CMS is designed to monitor the resolution of payroll problems, we will work with DFAS to include travel reimbursement problems as well.

The Army has implemented several effective measures designed to resolve travel reimbursement problems for mobilized Soldiers. We mobilized over 80 Reserve Component finance Soldiers, and provided DFAS \$17 million to hire additional personnel needed to process travel claims for mobilized Soldiers. Mobilization orders now clearly state that Soldiers will not be charged for government furnished meals or lodging.

We monitor metrics identifying causes of rejected travel claims. Monitoring the metrics enabled us to enhance training materials and implement process changes to improve our travel pay performance. Claims with missing orders are no longer rejected. Instead, the Army and DFAS obtain the missing documentation without sending the claims to the Soldier for resolution. We continue to use advance payments and travel cards to eliminate Soldiers' out-of-pocket expenses.

These efforts have obtained results. Travel claims submitted by Soldiers mobilized for contingency operations are paid within eight days of receipt by DFAS. Rejected claims have been reduced from over 20 percent of total claims to 10 to 12 percent of total claims. By obtaining missing documentation directly and not rejecting claims, we have expedited the payment of about 17,000 travel claims.

Although we have made progress, we must continue to pursue additional process improvements in order to meet Secretary Harvey's goal of "perfection" in the delivery of Soldier pay. Ongoing process improvements and training programs, coupled with new initiatives like electronic billing and payment of travel card invoices, and the integrated tracking of problems—across the entire enterprise—are keys to improving travel reimbursements. To solve larger challenges such as integrating personnel and payroll actions, and automating travel claims and reimbursements, the Army needs DoD driven solutions such as DIMHRS and DTS to come on line soon.

I want to thank the Subcommittee for its interest and concern of this issue. I look forward to continued collaboration with the Subcommittee on efforts designed to improve the Army's performance in the timely and accurate payment of travel reimbursements to mobilized Soldiers. The Army is committed to the goal of perfection in all matters impacting Soldier pay. I look forward to being a part of the process to achieve that goal and thank you for your support and interest in travel reimbursement to mobilized Soldiers.